

CHAPTER NO. 230

HOUSE BILL NO. 1182

By Representative Armstrong

Substituted for: Senate Bill No. 939

By Senator McNally

AN ACT to amend Tennessee Code Annotated, Section 62-37-112, relative to prohibited actions in home improvement contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-37-112, is amended by deleting item (12) in its entirety and by substituting instead the following:

(12) Receipt at or before the time of execution of a contract of a deposit of more than one third (1/3) of the contract price, unless:

(A) The home improvement contract allows for the contractor to furnish a performance and payment bond, lien and completion bond, or bond equivalent covering full performance and completion of the home improvement contract and the bond is furnished by the contractor, provided that the amount of the bond or bond equivalent is not less than one percent (1%) of the net sales of the contractor's home improvement business with respect to the home improvement labor to be determined on an annual basis at January 1 of each year; or

(B) After being fully advised by contractor in writing of the right to withhold final payment up to one hundred percent (100%) of payment before completion of the project, the owner elects to make final payment to the contractor for the project before completion for his or her convenience or the parties agree on a schedule of payments to be made before, during and after completion of the project; and


SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 10, 2001


JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 15th day of May 2001


DON CONQUIST, GOVERNOR